

STATEMENT

Rx&D analysis reveals major flaws in generic drug industry study

CGPA study designed to stoke fears to distract from the benefits of world class intellectual property protection.

Ottawa, March 31, 2011 – The following is a statement by Russell Williams, President of Canada's Research-Based Pharmaceutical Companies (Rx&D) about a recent Report released by Canada's Generic Drug Makers.

“A recent report by Canada's generic drug makers contains major flaws and advances their self-serving position that weak intellectual property (IP) rules should be an effective way to control health care costs.

“The report released last month by the Canadian Generic Pharmaceutical Association (CGPA) is the latest chapter of a predictable “sky is falling” campaign against innovation. It ignores the fact that IP improvements over the past 25 years have generated an 800% increase in pharmaceutical research and development investment in Canada.

“The CGPA report should be discounted by Canadian governments and stakeholders because it is based on a flawed underlying assumption – that healthcare costs should be controlled by maintaining weak and ineffective IP protection. Using IP to control healthcare costs is ineffective, inconsistent with the practices of our major trading partners, and, most importantly, counterproductive to Canada's best interests.

“The generic industry report also raises misguided fears about the potential impact of successfully negotiating a Comprehensive Economic and Trade Agreement with the European Union known as CETA. CETA is a unique opportunity for Canada to become the only country in the world with favoured trade status with both the United States and European Union. “A joint Canada-EU study recently estimated that an economic agreement with the EU has the potential to give a “\$12-billion boost to the Canadian economy and increase bilateral trade by over 20 per cent,” which means more jobs and opportunities for Canadians.

“The CGPA report is ironic because several reports - including those done by the Competition Bureau and Fraser Institute - have found that Canadians have been overpaying for generic drugs for many years and Canadian generic prices are among the highest in the world. Indeed, while they have been raising alarms about health care costs for the past 25 years and opposing all efforts to improve IP, their drug sales have grown by over 1800%.”

Rx&D conducted a detailed analysis of the generic industry report and identified 5 major flaws including:

- Overestimation of brand sales
- Selection bias in the choosing of 6 drugs that are unrepresentative of the overall market
- Overstating the cost impact by choosing 2010 – a unique year- as the baseline year
- Egregious exaggeration of the impact of IP changes
- Flawed pricing analysis



As a result, it is unlikely that this study would pass peer review if it were submitted to an academic journal for publication. To download a full copy of our review including the analysis of the CPGA's 5 largest flaws Canada, [click here](#) or visit www.canadapharma.org

Only costs. What about benefits?

Over the past 25 years, research and development by Canada's innovative pharmaceutical industry in Canada has grown from \$106 million to approximately \$1.2 billion annually and allowed our sector to generate 55,000 jobs and contribute \$4 billion annually to the Canadian economy.

A wide range of the life sciences, research, business and patient groups have called for IP improvements for the life sciences sector.

In addition to having stronger IP rules, the countries of the EU have among the world's best public health care systems and enjoy better access to innovative medicines. They understand that limiting IP is not an effective way to manage health care costs because world-class IP also goes hand in hand with improved health outcomes. Innovative treatments make our health care system more sustainable by reducing health care costs for expensive surgeries and hospital visits.

About Rx&D

Rx&D is the association of leading research-based pharmaceutical companies dedicated to improving the health of Canadians through the discovery and development of new medicines and vaccines. Our community represents 15,000 men and women working for 50 member companies and invests more than \$1 billion in research and development each year to fuel Canada's knowledge-based economy. Guided by our Code of Ethical Practices, our membership is committed to working in partnership with governments, healthcare professionals and stakeholders in a highly ethical manner.

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